

Message Text

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PAGE 01 STOCKH 04596 01 OF 02 131651Z

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ACTION NODS-00

INFO OCT-01 ISO-00 /001 W

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O 131255Z SEP 75

FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC IMMEDIATE 5664

INFO AMEMBASSY BUDAPEST PRIORITY

S E C R E T SECTION 1 OF 2 STOCKHOLM 4596

NODIS

DEPTO 23

E.O. 11652: GDS

TAGS: OVIP (INGERSOLL, ROBERT S), PFOR, SW

SUBJECT: DEPUTY SECRETARY INGERSOLL'S CALL ON

PRIME MINISTER PALME

1. PRIME MINISTER PALME RECEIVED ME FOR ONE HOUR AT HIS OFFICE ON SEPTEMBER 12. I WAS ACCOMPANIED BY AMBASSADOR STRAUSSZ-HUPE AND DUEMLING; PERMANENT UNDER SECRETARY ASTROM AND PALME'S ASSISTANT, PIERRE SHORI, WERE ALSO PRESENT. PALME WAS RELAXED, AMIABLE AND SEEMED GENUINELY ANXIOUS THAT I HAD HAD A PRODUCTIVE AND PLEASANT VISIT. WE DISCUSSED THE FOLLOWING SUBJECTS.

2. PORTUGAL - I COMPLIMENTED PALME ON THE EFFORTS HIS GOVERNMENT IS MAKING TO SUSTAIN THE MODERATES IN PORTUGAL, AND PARTICULARLY ON HIS OWN LEADERSHIP OF THE SOCIALIST LEADERS IN WESTERN EUROPE. PALME RESPONDED THAT HE BELIEVES THE COMMUNISTS CANNOT SUCCEED IN PORTUGAL IN THE LONG TERM, FOR THE FOLLOWING REASONS: THEY ARE SUPPORTED BY ONLY ABOUT 12 PERCENT OF THE VOTING PUBLIC, THE USSR DOES NOT WANT TO RISK MAJOR INVOLVEMENT, MOREOVER, THE USSR IS PURSUING A "SILLY" POLICY WHICH SEEMS TO BE PROMPTED BY SUSLOV'S AND PONOMAROV'S IDEOLOGICAL BENT RATHER THAN BREZHNEV'S PRAGMATIC ONE. IN THE SHORT RUN, HOWEVER,

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PAGE 02 STOCKH 04596 01 OF 02 131651Z

THE COMMUNISTS DO POSE A SERIOUS THREAT. THE RIGHT

WING EQUALLY POSES A THREAT. UNDER THESE CIRCUMSTANCES, THE ARMY FEARS THE POSSIBILITY OF CIVIL WAR AND THEREFORE HAS BEEN "GOING EASY" ON THE NAVY (DESPITE ITS MORE RADICAL INCLINATION) BECAUSE MANY CRACK TROOPS, INCLUDING THE MARINES, ARE UNDER NAVAL CONTROL. IN THE FACE OF POTENTIAL DICTATORSHIP FROM LEFT AND RIGHT, AS WELL AS THE THREAT OF CIVIL WAR, PALME ARGUED THAT SOCIAL REFORMS ARE MOST URGENTLY NEEDED, FOLLOWED CLOSELY THEREAFTER BY IMPROVEMENT IN THE ECONOMY. I ASKED PALME IF HE IS OPTIMISTIC. HE RESPONDED THAT WOULD BE GOING "TOO FAR," THOUGH HE IS OPTIMISTIC ABOUT CURRENT POLITICAL DEVELOPMENTS. SPECIFICALLY, HE CITED SOCIALIST EFFORTS WITHIN THE TRADE UNIONS. RADICALS DOMINATE THE LABOR GOVERNING COUNCIL BUT THE SOCIALISTS HAVE BEEN ACTIVE IN LOCAL UNION ELECTIONS AND SUCCEEDED IN CUTTING THE GROUND OUT FROM UNDER THE RADICAL LEADERSHIP AT THE TOP. SIMILARLY, SOCIALISTS HAVE BEEN ACTIVE WITHIN THE ARMED FORCES WHERE THE COMMUNISTS APPEAR TO BE LOSING THEIR GRIP.

3. I MENTIONED TO PALME THE MATTER OF JORNAL NOVO AND ITS REQUIREMENTS FOR NEWSPRINT. PALME SAID HE IS FULLY AWARE OF THE DIFFICULTY, THE EDITOR OF THE PAPER WILL BE COMING TO STOCKHOLM ON MONDAY, AND PALME WILL MAKE SURE THAT THE PROBLEM IS SOLVED.

4. PALME THEN TURNED TO SOARES' TACTICAL POSITION. SOARES DOES NOT WISH TO ACCEPT FULL RESPONSIBILITY FOR GOVERNING AT THIS TIME AND THEREFORE SEEKS A COALITION GOVERNMENT COMPOSED OF ELEMENTS FROM THE ARMED FORCES, THE SOCIALIST PARTY, COMMUNIST PARTY, PPD AND ONE OR TWO INDEPENDENTS (WHO IN FACT WOULD REPRESENT THE ROMAN CATHOLIC CHURCH). PALME BELIEVES THAT ONCE THE COMMUNISTS JOIN A GOVERNMENT THEIR "OUTSIDE FRIENDS" WILL ADVISE THEM TO STAY IN IT. PALME BELIEVES IT IS UNCERTAIN WHETHER PPD WILL AGREE TO JOIN THE CABINET, AND SOARES HAS NO INFLUENCE ON THE PPD. PALME QUOTED SOARES AS SAYING THAT "MY SOCIAL DEMOCRACY IS NOT ON THE SWEDISH MODEL BUT IS
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PAGE 03 STOCKH 04596 01 OF 02 131651Z

MORE TO THE LEFT." PALME COMMENTED THAT SOARES' POSTURE PROVIDES AN OPENING FOR THE PPD WHICH CONSTANTLY TELLS THE SWEDES THAT "WE ARE THE REAL SOCIAL DEMOCRATS." IN FACT, PALME SAID, "SOARES' SOCIALISTS HAVE THE ALLEGIANCE OF MOST WORKERS AND LESSER BUREAUCRATS. RETURNING TO THE QUESTION OF "OPTIMISM," PALME SAID THAT HE IS GENERALLY OPTIMISTIC ON THE POLITICAL SIDE FOR REASONS OUTLINED ABOVE, BUT THAT HE IS NOT

OPTIMISTIC ABOUT THE PROSPECTS FOR THE PORTUGUESE ECONOMY. RP VIEWS PRESENT CIRCUMSTANCES IN PORTUGAL AS A PROCESS FIRST REQUIRING THE ESTABLISHMENT OF GOVERNMENT AUTHORITY AFTER WHICH RECONSTRUCTION OF THE ECONOMY WILL BECOME THE FIRST PRIORITY, AND A MAJOR PROBLEM FOR WHICH PORTUGAL WILL NEED SIZEABLE OUTSIDE HELP. HE CITED AS ONE BURDEN THE RETURNING COLONISTS FROM AFRICA, MANY OF WHOM HE CONSIDERS TO BE "FASCISTS" WITH A POLITICAL OUTLOOK SIMILAR TO THAT OF THE "PIEDS NOIRS" WHO RETURNED FROM ALGERIA TO METROPOLITAN FRANCE. I DESCRIBED TO PALME OUR EFFORTS TO ASSIST THE PORTUGUESE ECONOMY. WE AGREED THAT MORE WILL BE REQUIRED DEPENDING, OF COURSE, ON THE POLITICAL EVOLUTION.

5. MIDDLE EAST - PALME TURNED TO THE MIDDLE EAST AND OFFERED CONGRATULATIONS ON THE INTERIM AGREEMENT WHICH HE DESCRIBED AS "A GREAT SUCCESS" AND "ABSOLUTELY NECESSARY" IN THE SEARCH FOR PEACE. IN RESPONSE TO HIS QUESTION I DESCRIBED THE GENERAL REACTION IN THE CONGRESS TO ELEMENTS OF THE AGREEMENT AND TOLD HIM THAT THE OUTLOOK FOR CONGRESSIONAL APPROVAL IS BRIGHT. PALME COMMENTED THAT THIS SUCCESS WILL UNDOUBTEDLY BRING SOME PROBLEMS, AS IN SADAT'S RELATIONS WITH OTHER ARAB STATES.

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PAGE 01 STOCKH 04596 02 OF 02 131514Z

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S E C R E T SECTION 2 OF 2 STOCKHOLM 4596

NODIS

DEPTO 23

6. CHILE - PALME SAID POLITICAL DEVELOPMENTS IN CHILE --PARTICULARLY EVIDENCE OF POLICY BRUTALITY--HAVE

SWEDEN "VERY WORRIED." I DESCRIBED OUR EFFORTS TO PERSUADE THE CHILEAN GOVERNMENT TO ACCEPT A VISIT BY THE UN HUMAN RIGHTS COMMISSION, AS WELL AS OUR ACTIONS ON DEBT RESCHEDULING THROUGH THE PARIS CLUB. I ASSURED PALME THAT WE WILL CONTINUE TO WORK ON THIS PROBLEM WITHIN THE LIMITS OF OUR INFLUENCE.

7. AS I WAS PREPARING TO LEAVE, PALME ASKED ABOUT THE HEALTH OF THE AMERICAN ECONOMY, NOTING ITS INFLUENCE ON SWEDEN'S ECONOMIC OUTLOOK. HE OBSERVED THAT SWEDEN, UNLIKE MOST DEVELOPED COUNTRIES, HAS NOT EXPERIENCED A SIGNIFICANT RECESSION, IN FACT UNEMPLOYMENT IS AT A HISTORIC LOW AND EXPORTS ARE GROWING. HOWEVER, HE CAUTIONED THAT THERE IS CONSIDERABLE "AIR" IN SWEDISH STATISTICS AS COMPANIES MAY BE SUSTAINING EMPLOYMENT BY UTILIZING HANDSOME PROFITS FROM LAST YEAR'S OPERATIONS, AND IN EXPECTATION OF AN UPSWING EARLY NEXT YEAR. IF THE HOPED-FOR UPSWING DOES NOT MATERIALIZE, HE ADDED, SWEDEN WILL BE IN FOR TROUBLE.

8. IN ADDITION TO THE MAJOR POINTS MENTIONED ABOVE, WE TOUCHED BRIEFLY DURING THE CONVERSATION ON THE FOLLOWING:

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PAGE 02 STOCKH 04596 02 OF 02 131514Z

A) I NOTED SWEDEN'S VIGOROUS EFFORTS FOR SELF-DEFENSE AND EXPRESSED APPRECIATION FOR CONTINUING US-SWEDISH DEFENSE COOPERATION. PALME SMILED AND JOKED THAT SO FAR, SWEDEN HAS RESISTED THE CHINESE AMBASSADOR'S EFFORTS TO PERSUADE SWEDEN TO JOIN NATO.

B) I COMPLIMENTED SWEDEN'S CONSTRUCTIVE EFFORTS AT THE UN AND IN THE THIRD WORLD.

C) PALME COMMENTED WITH APPARENT AMUSEMENT ON ECHEVERRIA'S RECENT WORLD TRIP, ADDING THAT ECHEVERRIA IS LOBBYING ACTIVELY FOR A NOBEL PEACE PRIZE IF HE CANNOT GET THE UN SECRETARY GENERALSHIP.

9. COMMENT: PALME'S FRIENDLY BUT BUSINESSLIKE MANNER SEEMED TO SIGNAL A DESIRE TO WORK WITH US IN A CONSTRUCTIVE FASHION ON THE MAJOR INTERNATIONAL ISSUES. PALME DID NOT REFER (AS HIS FOREIGN MINISTRY COLLEAGUES EXPLICITLY HAD) TO OUR POLITICAL DIFFERENCES OVER THE PAST FEW YEARS, THOUGH HE MINCED NO WORDS ON SUBJECTS ABOUT WHICH HIS GOVERNMENT FEELS STRONGLY BUT WHICH CONFRONT US WITH MORE COMPLEX DECISIONS. I AM CONVINCED THAT MY VISIT TO STOCKHOLM, AND PARTICULARLY MY CONVERSATIONS WITH PALME, FOREIGN MINISTER ANDERSSON AND ASTROM, HAVE CONFIRMED

FOR THE SWEDISH GOVERNMENT OUR INTENTION TO RESUME
COOPERATION ALONG A BROADENING FRONT IN LINE WITH
TRADITIONAL SWEDISH-AMERICAN FRIENDSHIP.

10. DEPARTMENT MAY WISH TO REPEAT PARTS OF THIS
MESSAGE TO LISBON AND SANTIAGO.
INGERSOLL

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